

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

Fitchburg Gas and Electric Light Company d/b/a Unitil)
)

D.T.E. 05-____

**PETITION FOR APPROVAL OF
CAPACITY CONTRACT RENEWAL**

Fitchburg Gas and Electric Light Company d/b/a Unitil ("Unitil" or the "Company") hereby petitions the Department of Telecommunications and Energy (the "Department") for approval of the Company's renewal of Tennessee Gas Pipeline Company ("Tennessee" or "TGP") Contract No.2915 ("TGP Contract No. 2915" or the "Contract") for a five year period effective March 31, 2006.

In support of its request, Unitil states as follows:

1. Unitil is a combined gas and electric distribution company currently providing retail electric and natural gas distribution services in north-central Massachusetts. Unitil's Gas Division provides gas distribution service to approximately 15,000 customers in the communities of Fitchburg, Townsend, Lunenburg, Ashby, Westminster and Gardner.

2. On December 23, 2002, Unitil filed for approval of an implementation plan to restructure its capacity contracts, and storage contract, with Tennessee and enter into related contractual commitments (the "TGP Contract Restructuring Plan"). The filing was docketed as D.T.E. 02-85. In that filing Unitil notified the Department that the Company is required to give renewal notification one year prior to the termination dates for the Tennessee contracts and that it

had to make a number of decisions with regard to renewing its capacity contracts, many prior to the expected completion of the regulatory review process in that proceeding. The Company notified the Department that it was planning to take advantage of renewal options available to Unitil under existing capacity contracts while transferring small increments of long-haul capacity to short-haul capacity where appropriate to improve the economics, diversity and flexibility of the portfolio. As part of the proposed TGP Contract Restructuring Plan, Unitil notified the Department that it planned to submit a request to TGP for 534 Dth of Zone 6 capacity from Dracut to Unitil's city gate in February, 2003 and, if successful, notify TGP by March 31, 2003 that the capacity level of TGP Contract No. 2915 would be reduced by 534 Dth, to 2,104 Dth/day, and the contract term extended 24 months through March 31, 2006. Unitil's request for Zone 6 capacity was successful and TGP Contract No. 2915 was extended, at the reduced capacity level, for 24 months to March 31, 2006. The Department approved Unitil's proposed TGP Contract Restructuring Plan on April 24, 2003.

3. On May 9, 2003, Unitil filed its 2003 Integrated Gas Resource Plan (the "Supply Plan") with the Department in D.T.E. 03-52. In the Supply Plan, the Company indicated that it was required to make renewal elections one year prior to the termination dates of each of the TGP contracts, with the next renewal date prior to March 31, 2005 for TGP Contract No. 2915. Prior to each election date the Company stated that it would conduct an analysis of its obligation to serve and at that time go through a decision process similar to the process utilized in the restructuring plan approved in D.T.E. 02-85. The Company further stated that if it did not renew TGP Contract No. 2915, Unitil's total capacity would be reduced from the level of 14,057 Dth/day, in the Supply Plan, to 11,953 beginning April 1, 2006. Unitil further stated that prior to

that time the Company would be required to make a number of other renewal decisions totaling 3,214 Dth/day on four separate TGP capacity contracts.¹ The Department approved Unitil's Supply Plan on August 13, 2004.

4. Unitil notified TGP in writing on March 22, 2005 that the Company had elected to extend the term of TGP Contract No. 2915 for a term of five years effective March 31, 2006. The Contract would have automatically renewed for a term of five years if Unitil didn't notify TGP of a valid election by March 31, 2005.

5. Unitil is making this filing at this time in order to balance as closely as possible the Department's requirements for approval of the Contract and the Tennessee procedures for requesting capacity renewals, which do not provide for the Department's review. The Department has directed Massachusetts LDCs to seek approval for supply, capacity and storage contracts under G. L. c. 164, § 94A. This statute requires gas companies to either seek prior approval to enter into a contract or to include in the contract a provision subjecting the price to be paid therein to review and determination by the Department. The Tennessee procedures for capacity contract renewals do not provide an interim period to accommodate the Department's review, nor do they allow inclusion of contract provisions subjecting the price to be paid under the contract to subsequent review by the Department. Accordingly, in seeking to accommodate both the Department's directives and Tennessee's procedures, as well as to notify and wait for comments regarding the renewal decision from marketers in Unitil's service territory, Unitil is seeking approval of the renewal of the Contract subsequent to the written notification to Tennessee on March 22, 2005 of the Company's renewal decision.

¹ Filing in D.T.E. 03-52 at page 76.

6. In support of the requested approval, Unitil submits the testimony of Richard A. MacInnis to demonstrate that the Company's decision to renew TGP Contract No. 2915; (1) is consistent with the approved TGP Contract Restructuring Plan approved in D.T.E. 02-85 and the portfolio objectives established in the Company's Supply Plan as approved in D.T.E. 03-52 and; (2) compares favorably to the range of alternatives reasonably available to the Company and its customers.

7. Mr. MacInnis's testimony describes the capacity contract renewal process and timeline, evaluates how the decision was made to renew TGP Contract No. 2915 and explains how the decision is consistent with the approved TGP Contract Restructuring Plan and the resource requirements set forth in the Company's most recently-approved Supply Plan.

WHEREFORE, for all the reasons set forth in this Petition and in the accompanying Testimony of Richard A. MacInnis, Unitil respectfully requests that the Department: 1) find that the renewal of TGP Contract No. 2915 is consistent with the TGP Contract Restructuring Plan and the portfolio objectives established in the Company's Supply Plan and compares favorably to the range of alternatives available to the Company; 2) approve Unitil's decision to renew the Contract; and 3) issue any other orders and approvals as may be appropriate and necessary and are consistent with the Company's request.

Respectfully submitted,

**FITCHBURG GAS AND ELECTRIC LIGHT
COMPANY D/B/A UNITIL**

By its attorney,



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